WORLD BANK GROUP

June 2023

# UGANDA

## JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

**Approved by:**

Asad Alam and Manuela Francisco (IDA);
Catherine Pattillo and Eugenio Cerutti (IMF).

Prepared by the staff of the International Development Association (IDA) and the International Monetary Fund (IMF).

| UGANDA: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS | |
|---|---|
| **Risk of external debt distress** | Moderate[1] |
| **Overall risk of debt distress** | Moderate |
| **Granularity in the risk rating** | Limited space to absorb shocks |
| **Application of judgment** | Yes |

The economy is recovering from external shocks induced by Russia's invasion of Ukraine and higher inflation, and the outlook has improved. Given the implementation of fiscal consolidation, Uganda's public debt continues to be sustainable in the medium term. In line with the previous DSA prepared in March 2022, Uganda has a moderate risk of external and overall public debt distress, with limited space to absorb shocks. Except for a one-off breach of the external-debt-service-to-export ratio in FY22/23, which does not impact the overall debt sustainability assessment, all external PPG debt and total public debt burden trajectories remain below their respective indicative thresholds and benchmarks over the medium term under the baseline scenario. Nevertheless, stress tests highlight breaches of external debt burden thresholds and the public debt benchmark. Specifically, given that a median shock could lead to a breach for the external and total debt service indicators, Uganda has limited space to absorb shocks. Key risks include slower growth, environmental shocks, further tightening of global financial conditions, delayed reform implementation, further delays in oil exports, possible spillovers to trade stemming from the conflict in Sudan and potential repercussions on donor financing and tourism deriving from the recent parliamentary approval of the 'Anti-Homosexuality Bill 2023'. Going forward, Uganda's fundamental development

[1] Uganda's Composite Indicator, which is estimated at 2.91, signals a medium debt-carrying capacity based on the April 2023 WEO and CPIA 2021.

challenge is to replace a growth model based on debt-financed public spending that has emphasized infrastructure, with one where the private sector leads economic growth, supported by the state through investments in human capital and targeted regulations to promote green and inclusive growth that reduces inequality and ensures sustainability. The prospects for this shift are positive but will rely on effective implementation of the ECF-supported program to maintain macroeconomic stability, scaled-up investments in human capital, better support to the vulnerable, farmers and MSMEs, and more effective use of public resources to maximize returns on investments.

# PUBLIC DEBT COVERAGE

1. **Public and publicly guaranteed (PPG) external and domestic debt covers debt contracted and guaranteed by the central government, state and local government, social security fund, and central bank (Text Table 1).** Uganda's Public Debt Management Framework (2018) gives the Ministry of Finance, Planning and Economic Development the mandate to prepare and publish quarterly Debt Statistical Bulletins. The published data covers PPG debt with information on a residency-based definition of domestic and external debt. In addition, the Bank of Uganda (BoU) provides data on locally issued government debt held by non-residents, which allows a residency-based analysis. However, due to data limitations, debt data does not cover several elements of the general government debt including extra budgetary funds[2] and non-guaranteed debt issued by state-owned enterprise (SOE), although SOEs issue debt only in the domestic market. Finally, the contingent liability stress test includes the disputed arrears to Tanzania (US$58 million or 0.1 percent of GDP),[3] estimates of non-guaranteed SOE debt (9.1 percent of GDP) based on a preliminary report by AFRITAC East, the default PPP shock (i.e., 35 percent of PPP stock, implying 1.7 percent of GDP), and the default financial market shock (5 percent of GDP).

Text Table 1. Uganda: Coverage of Public and Publicly Guaranteed Debt and Parameters for Contingent Liability Shock

| | |
|---|---|
| **Definition of external/domestic debt** | Residency-based |
| **Is there a material difference between the two criteria?** | Yes |

| **Subsectors of the public sector** | |
|---|---|
| Central government | X |
| State and local government | X |
| Other elements in the general government | |
| o/w: Social security fund | X |
| o/w: Extra budgetary funds (EBFs) | |
| Guarantees (to other entities in the public and private sector, including to SOEs) | X |
| Central bank (borrowed on behalf of the government) | X |
| Non-guaranteed SOE debt | |

**The contingent liability tailored stress test**

| | Default | Used for the analysis |
|---|---|---|
| Other elements of the general government not captured in 1. | 0 percent of GDP | 0.1 |
| SoE's debt (guaranteed and not guaranteed by the government) | 2 percent of GDP | 9.1 |
| PPP | 35 percent of PPP stock | 1.7 |
| Financial market (a minimum starting value of 5 percent of GDP) | 5 percent of GDP | 5 |
| Total (in percent of GDP) | | 15.9 |

Source: Uganda authorities, IMF staff calculation.

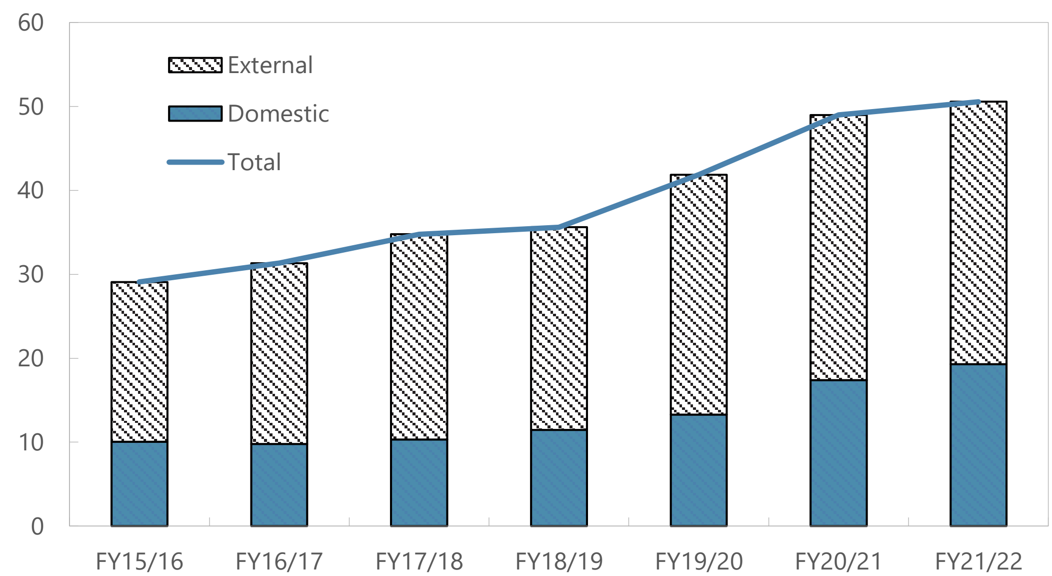
[2] Extra-budgetary funds are funds that are not included in the national budget appropriated by parliament. These include: social security or pension schemes and revenues or user fees collected by government ministries, departments and agencies unreported or not included in government's general revenues (termed as "Appropriation in Aid - AIA).

[3] The arrears to Tanzania date back to the Uganda-Tanzania War in 1978-79, with an alleged lack of documentation of the debt, therefore the validity of these arrears is disputed and not included in officially reported total external debt. In contrast, arrears to Iraq (US$1,581) and Nigeria (US$19.3 million) are recorded in the official debt statistics. The Iraq and Nigeria arrears are pre-HIPC Initiative arrears to non-Paris Club creditors, which continue to be deemed away under the revised arrears policy for official creditors, as the underlying Paris Club agreement was adequately representative, and the authorities continue to make best efforts to resolve the arrears.

# BACKGROUND AND RECENT DEVELOPMENTS

2. **Public debt has been increasing, reaching 50.6 percent of GDP in nominal terms at the end of FY2021/22** (Text Figure 1 and Text Table 2). The increase of almost nine percentage points over the past two years was primarily driven by external borrowing, with almost two-thirds of outstanding public debt owed to external creditors (US$13.6 billion or 31.3 percent of GDP) on a residency basis (Text Table 2). Domestic debt amounts to about US$8.4 billion (19.3 percent of GDP). In present value terms, total public sector debt amounted to 41.7 percent of GDP at the end of FY2021/22. While debt increased substantially during the COVID-19 pandemic, it was already on an upward trend also previously, mainly driven by increased borrowing to finance the country's development needs.

Text Figure 1. Public and Publicly Guaranteed Debt
(Percent of GDP)




Source: Uganda authorities; and IMF staff calculation.

3. **While most of the existing stock of external public debt is on concessional terms, the semi-concessional component has been on the rise in recent years.** Highly concessional loans from the IMF, the International Development Association (IDA) and the African Development Fund (ADF) account for half of the external debt portfolio, which mainly drives the difference between the nominal value of public debt and its present value (Text Table 3). Other concessional creditors include the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (BADEA), the Organization of the Petroleum Exporting Countries (OPEC) fund, and some bilateral Paris and non-Paris club creditors. The share of semi-concessional and non-concessional debt has been increasing in recent years. The increase in semi-concessional loans has been driven by official loans from the Export-Import Bank of China, reaching 20 percent of external public debt outstanding at the end of FY2021/22. In response to COVID-19, Uganda also resorted to commercial loans that constitute around 10 percent of external public debt, mostly owed to the Trade Development Bank (TDB), Standard Bank of South Africa

(SBSA), and Standard Chartered. Finally, the stock of local-currency government securities held by offshore investors was 6 percent of external public debt.

### Text Table 2. Uganda: Decomposition of Public Debt and Debt Service by Creditor, FY2021/22-FY2023/24[1/]

| | Debt Stock (end of period) FY2021/22 | | | Debt Service | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY21/22 | FY22/23 | FY23/24 | FY21/22 | FY22/23 | FY23/24 |
| | *(In millions of US$)* | *(Percent total debt)* | *(Percent GDP)* | *(In millions of US$)* | | | *(Percent GDP)* | | |
| **Total** | 21,901.9 | 100.0 | 50.6 | 3263.5 | 4,569.8 | 2,817.4 | 7.5 | 9.2 | 5.2 |
| **External** | 13,542.9 | 61.8 | 31.3 | 667.3 | 1,159.0 | 1,039.2 | 1.5 | 2.3 | 1.9 |
| Multilateral creditors[2,3] | 7,908.0 | 36.1 | 18.3 | 160.1 | 250.6 | 251.8 | 0.4 | 0.5 | 0.5 |
| IMF | 842.0 | 3.8 | 1.9 | | | | | | |
| World Bank | 4,418.6 | 20.2 | 10.2 | | | | | | |
| ADB/AfDB/IADB | 667.3 | 3.0 | 1.5 | | | | | | |
| Other Multilaterals | 1,980.1 | 9.0 | 4.6 | | | | | | |
| Bilateral Creditors[2] | 3,574.1 | 16.3 | 8.3 | 309.5 | 398.1 | 395.8 | 0.7 | 0.8 | 0.7 |
| Paris Club | 824.7 | 3.8 | 1.9 | 45.3 | 65.6 | 69.4 | 0.1 | 0.1 | 0.1 |
| Non-Paris Club | 2,749.4 | 12.6 | 6.3 | 264.2 | 332.4 | 326.4 | 0.6 | 0.7 | 0.6 |
| *o/w:* Eximbank of China | 2,649.2 | 12.1 | 6.1 | | | | | | |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commercial creditors | 1,331.7 | 6.1 | 3.1 | 47.2 | 257.7 | 246.7 | 0.1 | 0.5 | 0.5 |
| Other international creditors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public guarantees | 28.9 | 0.1 | 0.1 | | | | | | |
| Local currency debt held by non-residents, total | 700.2 | 3.2 | 1.6 | 150.4 | 252.7 | 145.0 | 0.3 | 0.5 | 0.3 |
| **Domestic** | 8,359.0 | 38.2 | 19.3 | 2,596.2 | 3,410.8 | 1,778.1 | 6.0 | 6.9 | 3.3 |
| T-Bills | 1,163.3 | 5.3 | 2.7 | n/a | n/a | n/a | n/a | n/a | n/a |
| Bonds | 6,298.4 | 28.8 | 14.5 | n/a | n/a | n/a | n/a | n/a | n/a |
| BoU advances | 897.3 | 4.1 | 2.1 | n/a | n/a | n/a | n/a | n/a | n/a |
| **Memo items:** | | | | | | | | | |
| Collateralized debt[4] | n/a | | n/a | | | | | | |
| *o/w:* Related | n/a | | n/a | | | | | | |
| *o/w:* Unrelated | n/a | | n/a | | | | | | |
| Contingent liabilities | n/a | | n/a | | | | | | |
| *o/w:* Public guarantees | n/a | | n/a | | | | | | |
| *o/w:* Other explicit contingent liabilities[5] | n/a | | n/a | | | | | | |
| Nominal GDP | | | | | | | 45,557 | 49,472 | 54,555 |

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.
2/Some public debt is not shown in the table due to data limitations.
3/Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending
4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion
5/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Source: Uganda authorities, IMF staff calculation.

Text Table 3. Uganda: Decomposition of External Public and Publicly Guaranteed Debt, FY2021/22

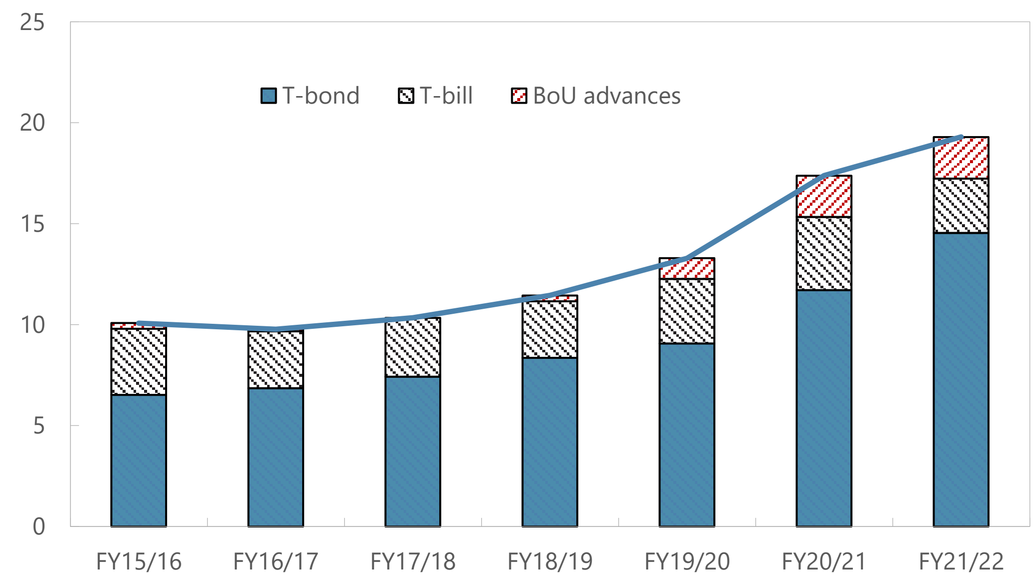
| Creditor | Amount | Share |
|---|---|---|
| **Total** | **13,543** | **100.0%** |
| Bilateral | 3,574 | 26.4% |
| ABU DHABI FUND | 11 | 0.1% |
| AFD | 245 | 1.8% |
| EXIM BANK OF CHINA | 2,649 | 19.6% |
| EXIM BANK S KOREA | 22 | 0.2% |
| GOVT OF NIGERIA | 12 | 0.1% |
| IRAQ FUND | 0 | 0.0% |
| JBIC | 44 | 0.3% |
| JICA | 193 | 1.4% |
| KFW | 6 | 0.0% |
| KUWAIT FUND | 34 | 0.3% |
| MIN FOR AFF AUSTRIA | 1 | 0.0% |
| SAUDI ARABIA FUND | 37 | 0.3% |
| SPAIN | 9 | 0.1% |
| UKEF | 310 | 2.3% |
| Commercial banks or other financial institutions | 1,332 | 9.8% |
| AFREXIM | 376 | 2.8% |
| AKA | 10 | 0.1% |
| Bank Austria | 3 | 0.0% |
| COMMERZBANK | 12 | 0.1% |
| SBSA | 315 | 2.3% |
| STANDARD CHARTERED | 118 | 0.9% |
| TDB (PTA) | 497 | 3.7% |
| Multilateral | 7,908 | 58.4% |
| ADB | 225 | 1.7% |
| ADF | 1,458 | 10.8% |
| BADEA | 67 | 0.5% |
| EIB | 113 | 0.8% |
| IDA | 4,419 | 32.6% |
| IDB | 442 | 3.3% |
| IFAD | 238 | 1.8% |
| IMF | 842 | 6.2% |
| NDF | 43 | 0.3% |
| OPEC FUND | 61 | 0.4% |
| Publicly guaranteed external debt | 29 | 0.2% |
| Local currency debt held by offshore investors | 700 | 5.2% |

Source: Uganda authorities, IMF staff calculation.

**4. Public domestic debt (residency based) is dominated by medium-to long-term securities.** T-bonds constituted around three-fourths of Treasury securities at the end of FY2021/22 (Text Figure 2). T-bonds are mostly held by non-banks (close to 70 percent), while T-bills were predominantly held by banks (more than 80 percent). Outstanding advances from the Bank of Uganda contributed 2.1 percent of GDP to domestic debt at the end of FY21/22 (Text Figure 2).

**5. Borrowing costs have recently increased.** Total interest payments increased from 2.7 percent of GDP in FY2020/21 to 3.1 percent of GDP in FY2021/22, largely due to the increased stock of domestic debt. While the terms of external loans became more costly, more than 90 percent of interest payments in FY2021/22 were on domestic debt, given that external borrowing was dominated by concessional debt.

**Text Figure 2. Public Domestic Debt**
(Cost Value, percent of GDP, as of end-FY2021/22)




Source: Uganda authorities; and IMF staff calculation.

## MACRO FORECASTS

**6. The medium-and long-term macroeconomic framework underlying this DSA is consistent with the scenario presented in the Staff Report for the Fourth Review Under the Extended Credit Facility (Text Table 4).** The baseline scenario assumes the following:

- *Real GDP growth.* The economy is recovering from external shocks induced by Russia's invasion of Ukraine and higher inflation, and the outlook has improved. Robust industrial activity and services have supported growth while unfavorable weather conditions for agriculture have improved. Thanks to a strong public health effort to rapidly contain the Ebola outbreak, high frequency indicators pointed to continued steady growth in recent months, lifted by robust new orders and rising employment. The real

GDP growth outlook for FY22/23 and FY23/24 is at 5.5 and 6 percent, respectively, a downward revision relative to the previous DSA (from 6 and 6.5 percent in FY22/23 and FY23/24, respectively).

- Over the medium-term, growth is projected to return to the annual 6-7 percent level before the COVID-19 crisis hit. This rebound will be driven by a more productive composition of government spending, spending and tax collection efficiency gains, governance and product market reforms boosting agri-business/trade and private investments (this is supported by reforms under the World Bank's investment for industrial transformation and employment (INVITE) and the climate smart agriculture and agribusiness development projects)[4], a recovery in tourism, and the developments in the oil sector that is attracting foreign and domestic private investment in related infrastructure ahead of the start of oil production in 2025 (some of these initiatives are directly supported by the ECF-supported program). The latter will be supported by the construction of the oil pipeline, a joint project of the French oil company Total Energies, the Chinese oil company CNOOC, and the governments of Uganda and Tanzania.

- *While negatively affected by climate shocks, especially in agriculture, long-term growth will be supported by several factors*.[5] Specifically, infrastructure constraints are being addressed (e.g., there are currently major investments to improve transport connectivity, expand access to power, and enhance digital connectivity[6]), agricultural productivity is expected to improve, and agro-processing trade and industries are being developed. Finally, Uganda is entering a demographic transition, which has great potential for accelerating growth in per capita terms and reducing poverty. Although fertility rates and the dependency ratio are still high, Uganda's declining fertility rate and growing working-age population are gradually increasing the share of the working-age population and reducing the child dependency ratio.

- *Inflation.* Driven by higher commodity prices, headline inflation is expected to peak at 9.2 percent in FY22/23, a higher level relative to the previous DSA. Core inflation is projected to decline to the 5-percent target by end-2023 thanks to the BOU's monetary policy tightening, improved domestic harvests, and softer global commodities prices. The correlation between the CPI and the GDP deflator

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[4] The INVITE project provides subsidized financing for microfinance institutions and banks to support business creation, and provides technical assistance to agencies for the development of private sector regulation and mechanisms for export promotion.

[5] Uganda is prone to various types of natural disasters and limited adaptation infrastructure magnifies the socio-economic impacts of extreme events. In the past 20 years, droughts have been the type of hazards that have affected the largest number of people, undermining food security. Disruptive natural disasters, such as droughts and floods, impact the economy to a large extent. Going forward, climate change will likely exacerbate the frequency and severity of natural disasters and cause large economic damages. Scaling up adaptation and preparedness is essential to ensure resilience of the population and the economy to extreme weather events. However, climate adaptation measures pose planning, implementation, and financing challenges, and require international support. Model simulations show that building adaptation infrastructure can reduce by two thirds the GDP losses at the trough triggered by a disruptive disaster and almost halve the resulting fiscal gap. For donors it may be cost-effective to help finance investment in adaptation because it would reduce post-disaster disbursements (see Selected Issues Paper, IMF Country Report No. 22/78 for more details).

[6] The World Bank digital acceleration project aims to (i) lower prices for international capacity and extend the geographic reach of broadband networks and (ii) improve the government's efficiency and transparency through e-Government applications.

is expected to decline due to oil-related investment and net exports increasing their weight in the GDP deflator at the expense of consumption starting in FY24/25.[7]

- *Oil revenue projections.* Budget revenues from oil, net of oil-related expenditures, are expected to start in FY2024/25 and peak at around 2.6 percent of GDP in FY2027/28 before gradually declining over the long term. Delays in reaching the Final Investment Decision (FID) have allowed the government more time to develop relevant legislation and put in place critical institutions to manage the oil resources. Legislation and institutions that have now been established, including the Uganda Petroleum Fund, The Consolidated Fund, and the Petroleum Investment Fund to ensure fiscal sustainability over the longer run – these should help manage Dutch disease crowding out effects. Continued EITI reporting is expected to help enhance the transparency of the extractive sector. The ECF-supported program also aims to help the authorities transition to a rules-based framework for oil revenue management, including through the adoption of the Income Tax Amendment Bill, the Public Finance Management Bill, and the East African Crude Oil Pipeline Bill.

- *Primary fiscal deficit.* The primary fiscal deficit is projected to narrow in FY2023/24 (Text Table 4)on the back of the implementation of the Domestic Revenue Mobilization Strategy (DRMS) (comprising reform of tax expenditures and efficiency improvements in tax administration, including the management of tax arrears and the use of new technologies for audits)[8] and a decline in unproductive expenditures.[9] As part of the IDA Sustainable Development Finance Policy (SDFP), the authorities are passing a VAT reform bill and a Public Investment Policy to advance the implementation of the DRMS and strengthen the institutions implementing projects. The overall deficit target of 3.4 percent of GDP in FY23/24, is slightly smaller than the previous DSA and the target at the time of the combined 2nd-3rd program reviews. Deficit enhancing factors (BOU recapitalization, hydro-power investment, and lower tax revenue) will be more than offset by higher grants, higher non-tax revenues, lower interest payments and lower government wages. The primary deficit is projected smaller than in the previous DSA, as deficit-enhancing factors are cumulatively smaller than deficit-reducing factors before interest payments. After FY23/24, the cyclical improvement and implementation of the DRMS, including tax exemption rationalizations, will lead to a further improvement in the primary balance. Moreover,

[7] Inflation projections for Uganda and IMF WEO inflation projections for advanced economies pin down nominal exchange rate projections under the assumption of a constant real effective exchange rate.

[8] Implementation of the DRMS is projected to raise tax revenues by 0.5 percent of GDP per annum. The strategy outlines key tax policy reforms, including a rationalization of exemptions, and revenue administration modernization to improve compliance. While tax revenue has underperformed, recent measures are expected to rectify this issue. A Tax Expenditure Framework – to streamline and eventually scale down revenue leakages from tax expenditures – has been approved by MoFPED. These leakages were estimated to have reached about 5.2 percent of GDP in FY20/21. Furthermore, several partners, including the IMF, World Bank, USAID and FCDO, are providing significant support to the Tax Policy Department (MoFPED) and Uganda Revenue Authority (URA) to ensure full implementation of the DRMS. In FY23/24 tax administration measures are estimated at 0.4 percent of GDP and include electronic fiscal receipts and invoices, digital tax stamps and automation of tax audits, among other measures. Tax exemption rationalizations are estimated at 0.2 percent of GDP and include limits to losses that can be offset each year for income tax, restrictions on Section 40A of the TPC, and standard VAT rates on some goods categories.

[9] Significant Public Investment Management reforms and institutional strengthening have taken place over the last five years, to improve the identification, selection and implementation of projects. This reform momentum is expected to pick up and be sustained over the medium term, with continued support from IFIs (including under the ECF-supported program and ongoing World Bank projects) and bilateral partners.

spending rationalization and greater spending efficiency under the ECF-supported program are expected to allow for higher social spending (health and education) and clearance of arrears during the program, without undue pressures on the primary balance.

- *Current account deficit.* The current account deficit is expected to peak in FY2024/25, largely driven by capital imports for oil production, but will improve over the medium term, helped by fiscal consolidation, further recovery in global demand and oil exports coming on-stream. Export growth will also be supported by better trade logistics, rural access to infrastructure and information, and credit availability, and the rollout of reforms envisaged under the African Continental Free Trade Agreement (AfCFTA)[10].

- *FDI inflows* are expected to continue to increase, largely driven by investments in oil-related projects (Tilenga, Kingfisher and the pipeline between Uganda and Tanzania) over the medium term, as well as the potential positive impact on FDI from the rollout of AfCFTA among all countries on the continent.

- *Gross official reserves*, excluding the impact of oil project financing and investment-related imports, are expected to gradually rise over the medium term, notwithstanding a temporary decline in FY2022/23, on the back of an increase in FDI and the start of oil exports.

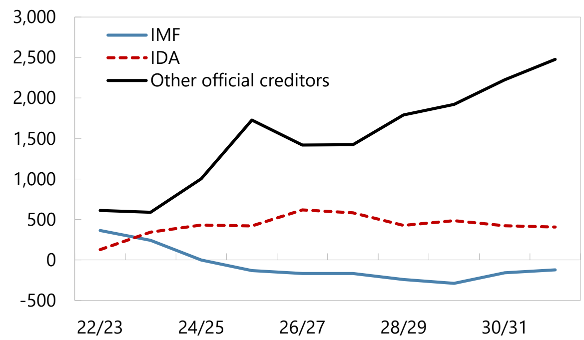
- *Financing mix.* Advances from the Bank of Uganda are assumed to be fully repaid by FY2023/24 in line with the February 2022 Addendum to the Service Level Agreement between MOFPED and BOU. Domestic debt financing is projected to maintain a constant share of T-bonds, covering two-thirds of domestic financing and T-bills. Under the ECF-supported program, the limit on the present value of new external and publicly guaranteed external debt aims to both limit the accumulation of debt and prevent a heavy reliance on non-concessional external financing. Over the long term, financing is assumed to shift gradually from domestic to external and less concessional debt.

- IDA financing[11] is set to be largely delivered through project support over the medium term. The assumed average disbursement over the next five fiscal years is about US$ 496 million per year. Most of this will be delivered through project financing, with significant disbursements for projects that are supporting municipal infrastructure and road developments, water management and development, and digital acceleration. No budget support operations are planned, with the remainder of IDA financing going through Program for Results (P4Rs), including support to enhancing intergovernmental fiscal transfers for better service delivery (Text Figure 3).

[10] Uganda has ratified the AfCFTA agreement, however the country needs to undertake policy reform to address constraints that may affect implementation of the agreement. These include reducing red tape and simplifying customs procedures, promoting the uptake of modern technology in the agriculture sector and improving quality and standards.

[11] World Bank disbursement has been affected by the slow implementation of the portfolio in Uganda and the long period between approval and effectiveness. Most of the committed portfolio in Uganda are from IDA19 (38 years maturity, 6 years grace period and interest rate below 1 percent). Financing under IDA19 has a grant element of 77 percent. However, there are some pipeline projects with expected disbursement in FY2024 that will be under the IDA20 terms (50 years maturity, 10 years grace period, no interest, no commitment fees).

Text Figure 3. Official External Financing, Net (US$, millions)




Source: Uganda authorities, IMF and World Bank estimates

Text Table 4. Uganda: Macroeconomic Assumptions

| | Real GDP growth (percent) | | Inflation (percent) | | Primary balance (percent of GDP) | | Current account (percent of GDP) | | FDI inflows (percent of GDP) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Prev. DSA | Current | Prev. DSA | Current | Prev. DSA | Current | Prev. DSA | Current | Prev. DSA | Current |
| 2020/21 | 3.4 | 3.5 | 2.5 | 2.5 | -6.7 | -6.7 | -10.2 | -9.5 | 2.1 | 2.3 |
| 2021/22 | 3.8 | 4.7 | 3.5 | 3.4 | -4.4 | -4.3 | -8.0 | -7.9 | 2.5 | 2.7 |
| 2022/23 | 6.0 | 5.5 | 4.6 | 9.2 | -1.8 | -1.9 | -8.8 | -8.6 | 5.0 | 5.0 |
| 2023/24 | 6.5 | 6.0 | 5.0 | 5.7 | -0.7 | -0.5 | -9.9 | -8.9 | 7.6 | 7.3 |
| 2024/25 | 6.7 | 6.6 | 5.0 | 5.0 | -0.8 | -0.6 | -12.0 | -11.1 | 9.5 | 9.2 |
| 2025/26 | 7.1 | 7.1 | 5.0 | 5.0 | -0.3 | -0.5 | -11.9 | -10.8 | 9.3 | 9.1 |
| 2026/27 | 7.0 | 7.0 | 5.0 | 5.0 | 1.0 | 0.1 | -10.6 | -9.7 | 8.0 | 7.9 |
| Avg 2027/28-2040/41 | 6.0 | 6.2 | 5.0 | 5.0 | -0.1 | -1.2 | -7.8 | -6.0 | 6.7 | 6.4 |

Source: Uganda authorities, IMF staff projections.

**7. The realism tool outputs compare the projections to cross-country experiences and to Uganda's own historical experience (Figures 3 and 4):**

- There are small differences between past and projected debt creating flows, with the contributions of past debt creating flows remaining similar for the projection period. Unexpected changes in external debt are slightly above the median of the distribution across low-income countries, and marginally outside the interquartile range in the case of public debt, reflecting the combination of the large recent increase in debt against the backdrop of the Covid-19 crisis and the projected decrease amid the fiscal consolidation.

- The improvement in the primary balance over the next 3-years is in the top quartile of the distribution, reflecting the cyclical improvement in tax revenues, the adjustment following the fiscal policy response to Covid-19 and the implementation of the DRMS. The growth outlook is also supported by private investments as well as improved spending efficiency, including through stronger public investment management on the back of reforms to be implemented under the IMF-supported program.

- Investment is expected to increase, with private investment offsetting a temporary decline in public investment.

# COUNTRY CLASSIFICATION

8. **Uganda's debt-carrying capacity is classified as medium, unchanged from the previous DSA.** Based on the April 2023 WEO (real GDP growth, import coverage of foreign exchange reserves, remittances, and growth of the world economy) and the World Bank's 2021 CPIA (3.55), Uganda's composite indicator (CI) score is 2.91. The CI also incorporates forward-looking elements with the calculation based on the 10-year average (5 years of historical data and 5 years of projection). Uganda's score lies between the threshold values of 2.69 and 3.05 corresponding to medium and strong capacity, respectively, thereby categorizing the country as having "medium" debt-carrying capacity that determines the four external debt indicative thresholds and the total public debt benchmark (Text Table 5). The thresholds of the PV of external debt-to-exports ratio, the PV of external debt-to-GDP ratio, the debt service-to-exports ratio, and the debt service-to-revenue ratio are 180, 40, 15 and 18 percent, respectively. The benchmark of the PV of total public debt is 55 percent.

Text Table 5. Uganda: Composite Indicator, and Debt Thresholds and Benchmark

| Debt Carrying Capacity | Medium | | |
|---|---|---|---|
| Final | Classification based on current vintage | Classification based on the previous vintage | Classification based on the two previous vintage |
| Medium | Medium<br>2.91 | Medium<br>2.93 | Medium<br>2.98 |

| EXTERNAL debt burden thresholds | Weak | Medium | Strong |
|---|---|---|---|
| **PV of debt in % of** | | | |
| **Exports** | 140 | 180 | 240 |
| **GDP** | 30 | 40 | 55 |
| **Debt service in % of** | | | |
| **Exports** | 10 | 15 | 21 |
| **Revenue** | 14 | 18 | 23 |
| **TOTAL public debt benchmark** | **Weak** | **Medium** | **Strong** |
| **PV of total public debt in percent of GDP** | 35 | 55 | 70 |

Source: IMF staff projections.

# EXTERNAL DEBT SUSTAINABILITY

9. **The evolution of external government debt suggests a sustainable path under the baseline (Table 1).** Except for the debt service-to-exports ratio, which is projected above the threshold in FY22/23, both solvency and liquidity indicators remain below their indicative thresholds over the projection horizon

(Figure 1 and Table 3). FY22/23 is peak year for all external debt sustainability indicators. Specifically, the PV of PPG external debt-to-GDP ratio peaks at 22.3 percent (against the threshold of 40 percent), while the PV of debt-to-exports ratio reaches 162.8 percent before gradually declining below 140 percent over the medium term (against the threshold of 180 percent). The liquidity indicators show a similar path. The debt service-to-export ratio is projected at 17.1 percent in FY22/23, above the threshold of 15 percent, but is expected to decline to 14.3 percent in FY23/24 and to continue to decline gradually over the medium term, while the debt service-to-revenue ratio reaches 17.4 percent in FY22/23 against the indicative threshold of 18 percent and then stays on a declining path.[12] The breach of the debt service to export ratio in FY22/23 is largely driven by gold exports. These usually account for 30-40 percent of total goods exports but collapsed to zero owing to  a proposed export tax. This situation is expected to be resolved and exports are projected to catch up in the next fiscal year. Staff's judgement is that the one-off breach of the debt service-to-exports ratio does not impact the overall debt sustainability assessment of moderate risk of debt distress.

10. **Stress tests and alternative scenarios indicate a moderate risk of debt distress rating.** The PV of PPG external debt-to-GDP ratio remains under the threshold even under the stress tests, with the combined shock being the most extreme shock. At the same time, the PV of external debt-to-exports ratio, the external debt service-to-revenue ratio, and the external debt service-to-exports ratio breach their respective thresholds under several stress tests (Figure 1 and Table 3). Specifically, for the PV of external debt-to-exports ratio and external debt service-to-exports ratio, the most extreme shock is a shock to exports, with long-lasting breaches of the thresholds. Both indicators breach their thresholds under the combined shock, and the combined contingent liability shock, and temporary breaches under the other shocks. The debt service-to-revenue ratio shows only one isolated breach under the depreciation shock.

11. **The share of private debt on external debt under the baseline is on a declining path (Table 1).** Private external debt peaks in FY2022/23 at 12 percent of GDP (or 28 percent of external debt), before declining toward 9.1 percent of GDP (or 22.7 percent of external debt) in FY32/33. Under the baseline, the path of private external debt does not elevate the risk of debt distress. However, the abovementioned breaches of certain indicators under the contingent liability shock suggest that possible spillovers from private sector debt may affect debt sustainability under adverse scenarios.

## PUBLIC DEBT SUSTAINABILITY

12. **The total public debt-to-GDP trajectory under the baseline shows a declining path (Table 2).** The PV of public debt-to-GDP ratio peaks at 40 percent in FY2022/23, before declining towards 28.7 percent by FY2032/33 as oil export receipts ensue (Figure 2 and Table 4). This compares to an indicative benchmark of 55 percent for countries with medium debt-carrying capacity.[13] Notwithstanding the recent increase in the nominal level of public debt-to-GDP to above 50 percent of GDP, the trajectory is expected to show a gradual decline over the medium-and long-run. The PV of debt-to-revenue ratio and

[12] The decline in the liquidity indicators is mainly driven by the projected increase in exports and government revenue.

[13] The government's Charter of Fiscal Responsibility requires public debt to stay below 50 percent of GDP in present value terms, which is also one of the convergence criteria for monetary union in the East African Community. The government's publicly stated debt ceiling is 50 percent of GDP in nominal terms.

the debt service-to-revenue ratio are expected to decline over the medium term, supported by the implementation of the DRMS and the oil-related revenue inflows from FY2024/25 onward.

**13. The stress tests confirm that adding domestic debt to the analysis does not elevate the risk of debt distress.** For the PV of debt-to-GDP ratio, the most extreme stress test is the growth shock (Figure 2), under which the PV of total public debt-to-GDP ratio rises above the benchmark of 55 percent and the ceiling of 50 percent of GDP in the Charter of Fiscal Responsibility. The PV of total public debt-to-revenue ratio rises to 324 percent under the most extreme scenario of the contingent liabilities shock and, in the long-run, it rises to 341 percent by FY2038/39 in response to a growth shock. The most extreme shock to public debt service is also the combined contingent liability shock, under which the debt service-to-revenue peaks at 63 percent in FY22/23.

## CONCLUSIONS

**14. Uganda's risk of external and overall public debt distress is moderate, with limited space to absorb shocks.** Except for a one-off breach of the external debt service-to-exports ratio, which is projected above the threshold in FY22/23, external debt burden indicators and total public debt remain below their respective thresholds and benchmark throughout the projection horizon under the ECF-supported program scenario. Staff's judgement is that the one-off breach of the debt service-to-exports ratio under the baseline scenario does not impact the overall debt sustainability assessment. The stress tests, however, indicate more breaches of the thresholds. Although the PV of external debt-to-GDP ratio indicates substantial space to absorb shocks without being downgraded to a high risk of debt distress, the PV of external debt-to-exports, the external debt service-to-revenues ratio, and the external debt service-to-exports ratios are close enough to their respective thresholds that a median shock would lead to a breach (Figure 5).

**15. Risks to the debt outlook are tilted to the downside.** Risks around growth are driven by the uncertainty around the external outlook, including possible spillovers to trade stemming from the conflict in Sudan, and increased frequency of natural disasters due to climate change. Domestic risks include the slower-than-expected implementation of reforms, any further delay in oil production, and the potentially limited capacity of commercial banks to increase their purchase of government securities in response to future shocks given the increasing weight of those securities in their balance sheets. Moreover, the recent parliamentary adoption of the 'Anti-Homosexuality Bill 2023' could jeopardize the availability of grants and external loans from development partners and negatively impact FDI flows and tourism.

**16. Mitigating debt risks requires sound macroeconomic management and strong/steadfast policy implementation. This includes:**

- *Implementing the DRMS.* Given Uganda's relatively low revenue collection, the strategy outlines key tax policy reforms, including a rationalization of exemptions, and tax administration strengthening to improve compliance.

- Strengthening overall public financial management (PFM), including efforts to avoid arrears and the use of supplementary budgets. The published international audit of domestic arrears and the domestic arrears strategy should help the authorities in clearing arrears and preventing further accumulation. Following the progress on the extension of coverage of the Treasury Single Account to extra budgetary entities and externally funded projects, an improvement in the accuracy of monthly cash flow forecasting and preparation of an aggregate borrowing plan, considering the government's consolidated cash position, means further progress can be made through the operationalization of monthly and quarterly cash flow forecasting. Finally, in the Memorandum of Economic and Financial Policies in the first and the combined second-third reviews of the ECF-supported program, the authorities made a commitment to aim to avoid supplementary budgets. In the exceptional case where a new one was to become necessary again, they will ensure that these are limited to unforeseeable unexpected shocks, with any such request costed, financing sources identified, and debt impact assessed.

- *Improving spending efficiency, including the strengthening of public investment management.* Priorities should include improving the use of medium-term fiscal envelope forecasts to achieve better project prioritization and capital expenditure budgeting. The project selection criteria published in May 2021 will be used to identify priority projects. Public investment management (PIM) shortcomings could be addressed by reducing overcommitment in multi-year projects, and reducing or eliminating the use of emergency procurement procedures, fostering open and competitive bidding while refraining from procuring through direct channels.

- *Strengthening debt management.* In line with its medium-term debt strategy, public debt management in Uganda should continue to ensure that the government's financing needs, and its payment obligations are met at the lowest possible cost over the medium to long run, consistent with prudent risk-taking. Better communication and coordination across government agencies, including on new borrowing plans, would further enhance debt management.

- *Improving debt transparency.* Over the last decade, Uganda has enhanced debt transparency, both in terms of fiscal reporting and publication of explicit and implicit debt and debt management information. However, debt transparency could be further enhanced, including through the publication of a statement of fiscal risks in the budget framework paper that lists contingent liabilities and reports on risks arising to the budget, the extension of coverage to potential debt collateralization in the public sector, as well as better communication, thereby contributing to a better understanding and management of risks.

- *Broadening the scope of potential creditors.* The scope of potential creditors and financing sources could be broadened, including by finalizing the public investment financing strategy (which is already in advanced draft form) and expression of interest guidelines, and setting up a mobile money platform for retail investors to purchase Treasury securities.

- *Closely monitoring contingent liabilities.* Contingent liabilities have in general been one of the largest sources of fiscal risk across countries, since the materialization of contingent liabilities can contribute to unexpected increases in the debt-to-GDP ratio, crowding out private credit and jeopardizing debt sustainability. There has been important progress on the collection of data on the debt of state-owned enterprises. Efforts, however, should be stepped up to estimate, disclose, manage, contain, and shorten the lag in the publication of information on contingent liabilities, especially those in the financial sector, state-owned enterprises (including through their potential inclusion in government finance statistics), and PPPs.

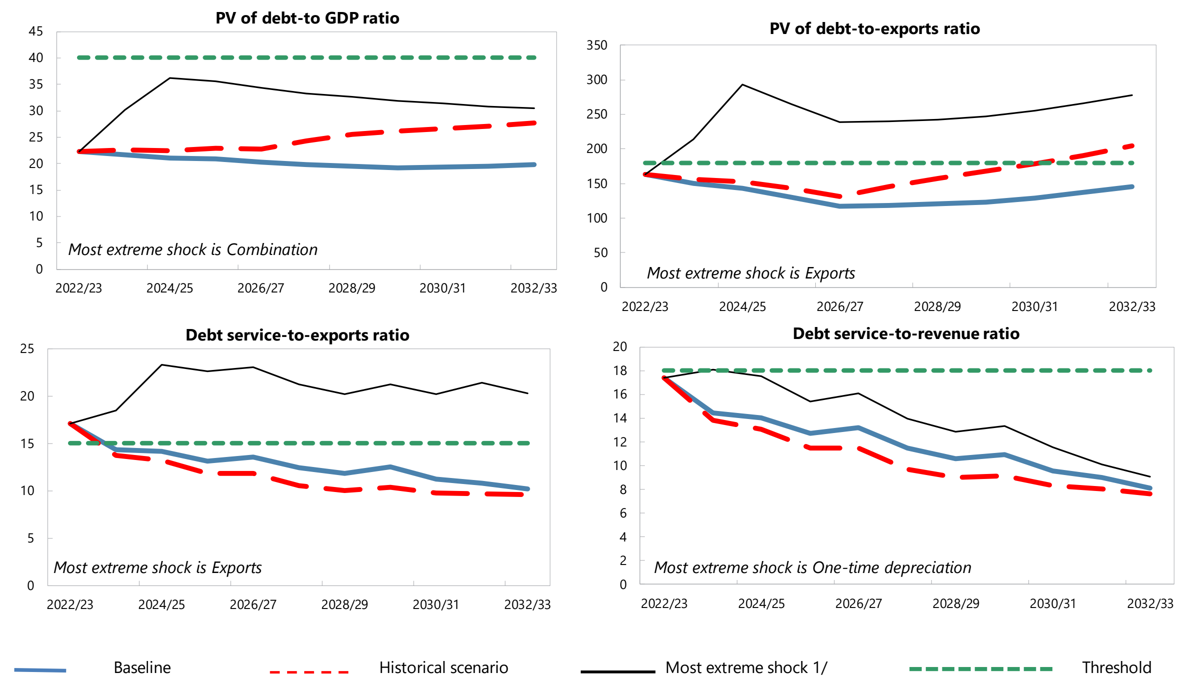
- *Implementing a set of particular reforms to improve fiscal and debt sustainability*. Given the moderate risk of debt distress, the government would need to implement a set of reforms – known as *Performance and Policy Actions* (PPAs) as per IDA's *Sustainable Development Finance Policy* (SDFP) – through actions in the areas of debt sustainability, debt management and fiscal sustainability. The purpose of this is to ultimately incentivize the government to reduce debt vulnerabilities.

- *Enhancing governance frameworks.* These are equally essential to safeguard the quality and effectiveness of public investment and other government spending. Better infrastructure and the impact of parallel reforms, e.g., improvements in the business climate, are expected to strengthen Uganda's competitiveness. Sound asset-liability management and avoidance of a premature reliance on uncertain future oil-related flows remain essential preconditions for debt sustainability.

## AUTHORITIES' VIEWS

**17. The authorities agreed with the assessment of the risk of debt distress.** They expressed concerns about the slight reduction in the composite index of debt carrying capacity, relative to the previous DSA. They also emphasized the importance of keeping debt below 50 percent of GDP (in nominal terms) over the medium term, and reducing the ratio of debt servicing costs to revenues, via the implementation of the DRMS.

## Figure 1. Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, FY2022/23-2032/33[1]




| Customization of Default Settings | | |
|---|---|---|
| | Size | Interactions |
| **Tailored Tests** | | |
| Combined CLs | Yes | |
| Natural Disasters | n.a. | n.a. |
| Commodity Prices [2/] | n.a. | n.a. |
| Market Financing | n.a. | n.a. |

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

| Borrowing Assumptions for Stress Tests* | | |
|---|---|---|
| | Default | User defined |
| **Shares of marginal debt** | | |
| External PPG MLT debt | 100% | |
| **Terms of marginal debt** | | |
| Avg. nominal interest rate on new borrowing in USD | 2.0% | 2.0% |
| USD Discount rate | 5.0% | 5.0% |
| Avg. maturity (incl. grace period) | 25 | 25 |
| Avg. grace period | 6 | 6 |

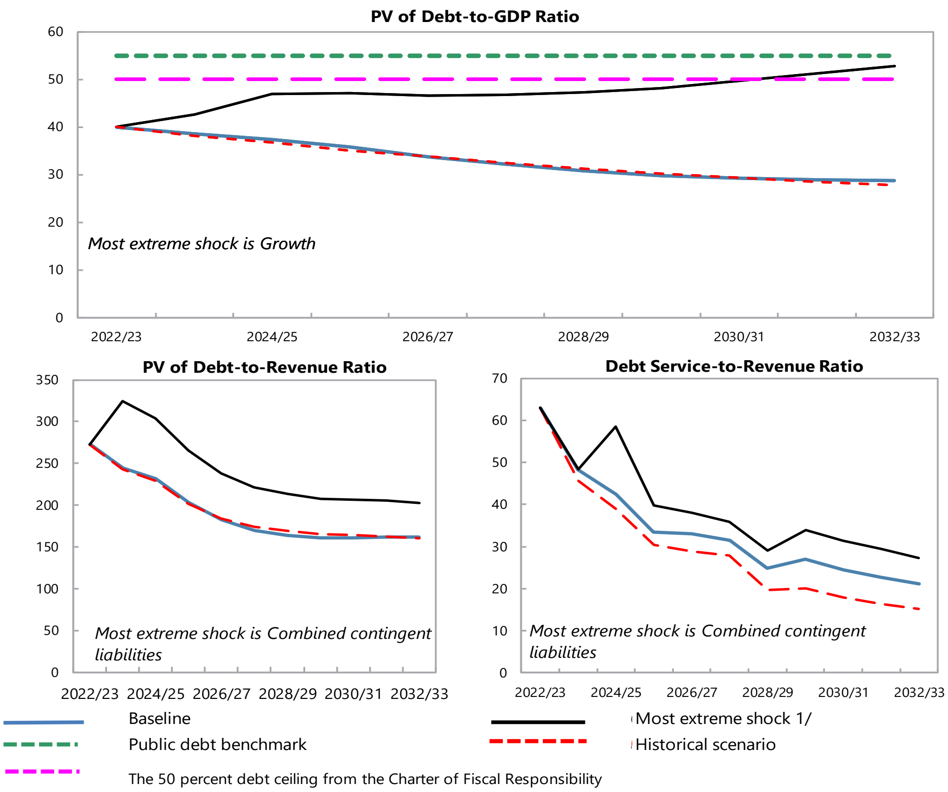
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

## Figure 2. Indicators of Public Debt Under Alternative Scenarios, FY2022/23-2032/33



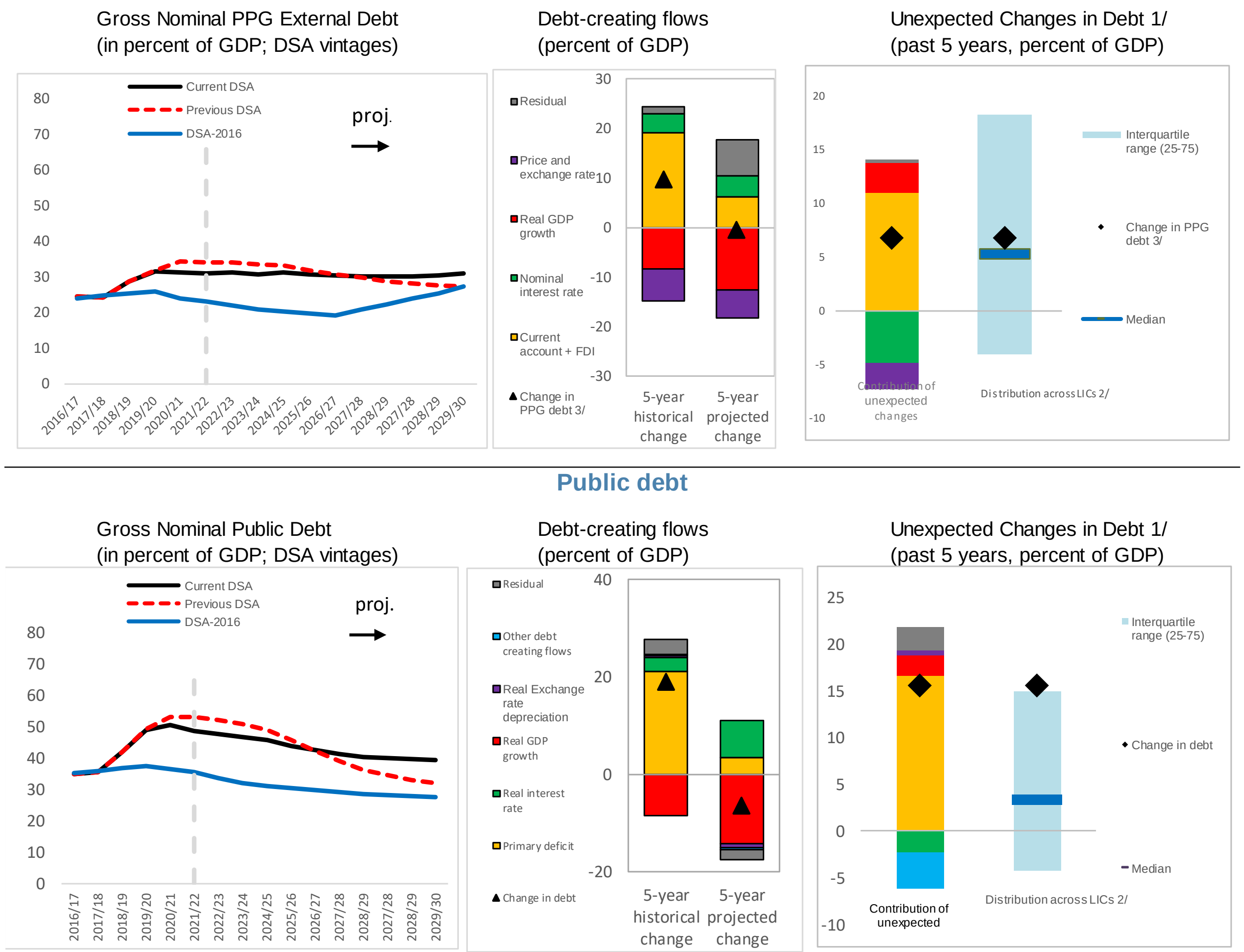

| Borrowing Assumptions for Stress Tests* | Default | User defined |
|---|---|---|
| **Shares of marginal debt** | | |
| **External PPG medium and long-term** | 63% | 63% |
| **Domestic medium and long-term** | 26% | 26% |
| **Domestic short-term** | 12% | 12% |
| **Terms of marginal debt** | | |
| **External MLT debt** | | |
| **Avg. nominal interest rate on new borrowing in USD** | 2.0% | 2.0% |
| **Avg. maturity (incl. grace period)** | 25 | 25 |
| **Avg. grace period** | 6 | 6 |
| **Domestic MLT debt** | | |
| **Avg. real interest rate on new borrowing** | 10.5% | 10.5% |
| **Avg. maturity (incl. grace period)** | 9 | 9 |
| **Avg. grace period** | 5 | 5 |
| **Domestic short-term debt** | | |
| **Avg. real interest rate** | 6.0% | 6.0% |

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

## Figure 3. Drivers of Debt Dynamics – Baseline Scenario



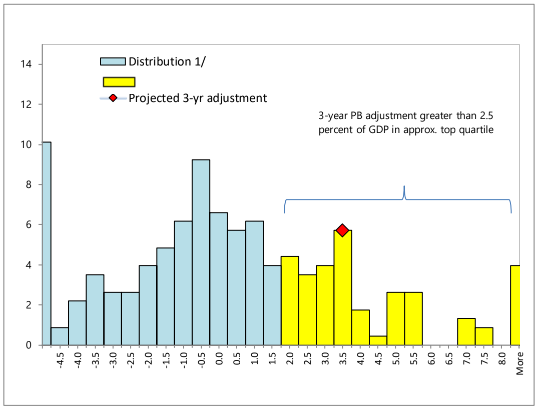

1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

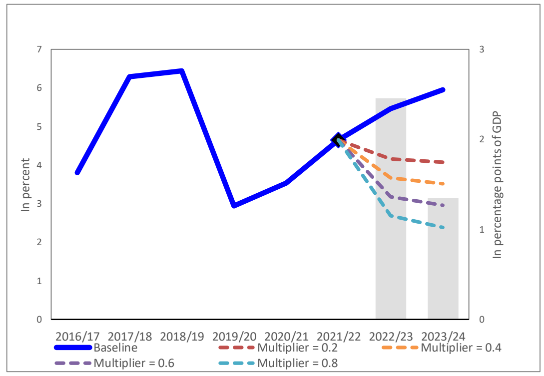
## Figure 4. Realism Tools

### 3-Year Adjustment in Primary Balance(Percentage points of GDP)



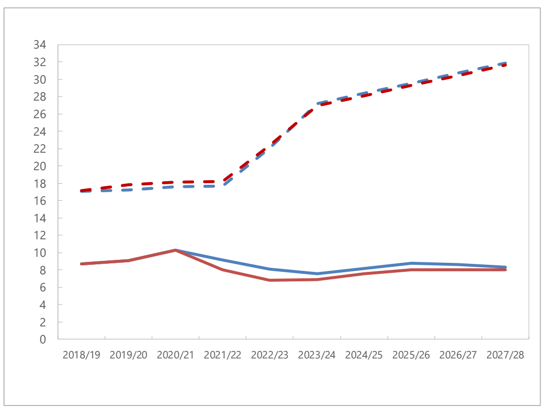

1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

### Fiscal Adjustment and Possible Growth Paths 1/




1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

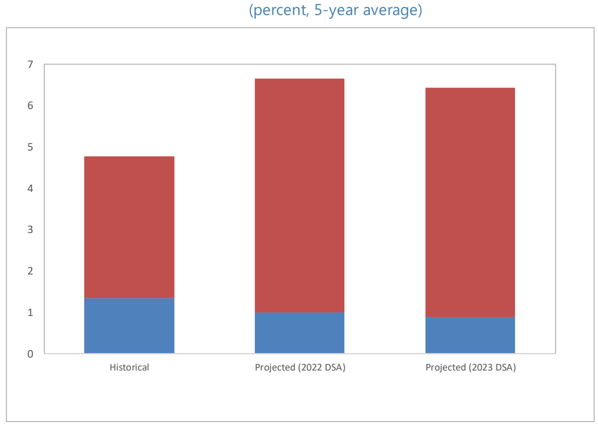
### Public and Private Investment Rates
(% of GDP)



Gov. Invest. - DSA 2022 | Gov. Invest. - Current DSA

Priv. Invest. - DSA 2022 | Priv. Invest. - Current DSA

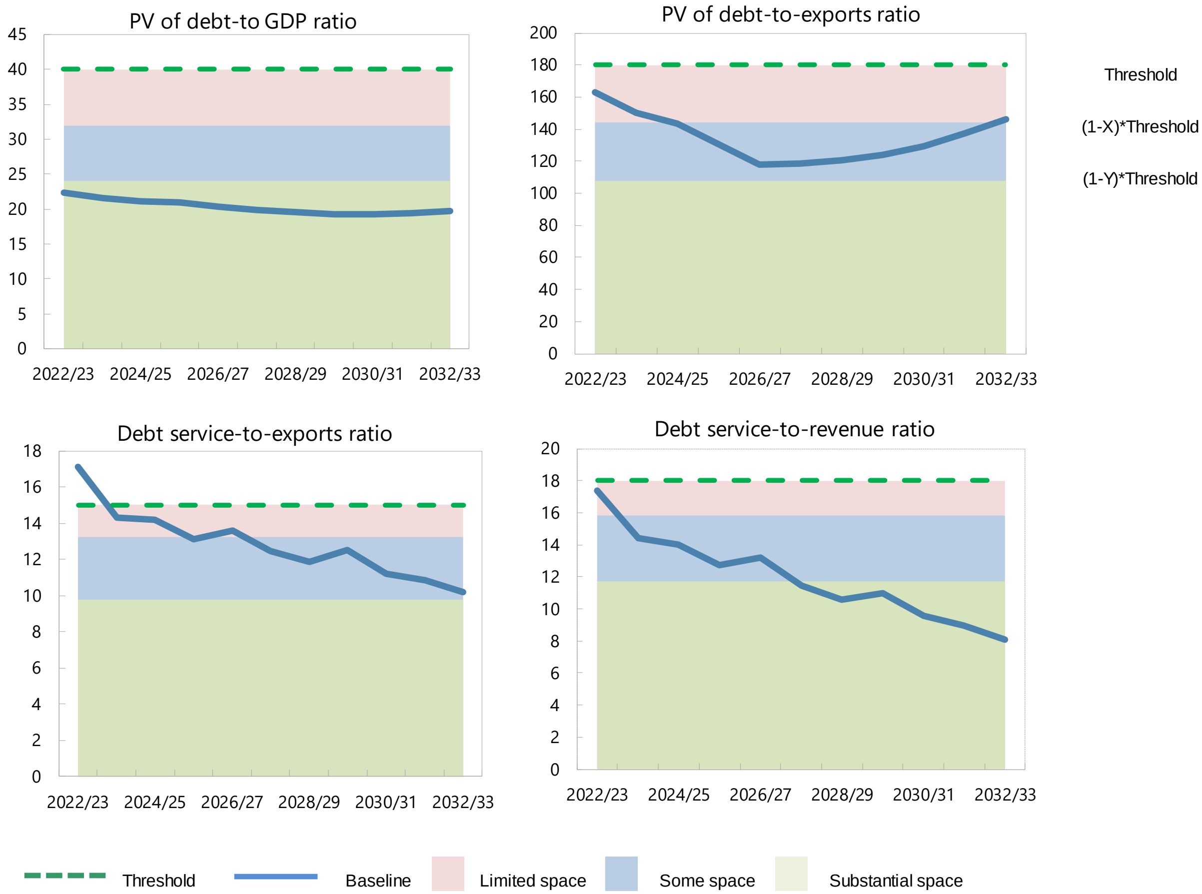
### Contribution to Real GDP growth
(percent, 5-year average)




Contribution of other factors

Contribution of government capital

Figure 5. Qualification of the Moderate Category, 2022/23-2032/33 1/



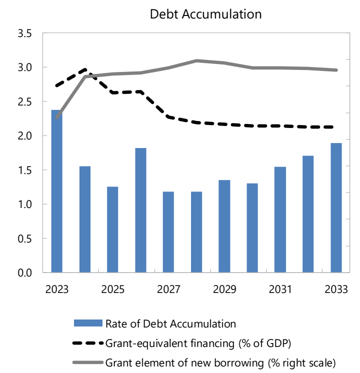

Sources: Country authorities; and staff estimates and projections.

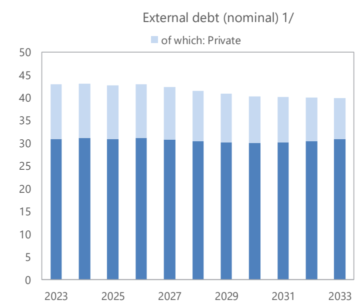
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

## Table 1. Uganda: External Debt Sustainability Framework, Baseline Scenario, FY2019/20-2032/33
### (In percent of GDP, unless otherwise indicated)

| | Actual | | | Projections | | | | | | | Average 8/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2032/33 | Historical | Projections |
| **External debt (nominal) 1/** | **41.5** | **44.7** | **43.6** | **42.9** | **43.0** | **42.7** | **42.9** | **42.2** | **41.5** | **39.9** | **36.7** | **41.5** |
| ***of which: public and publicly guaranteed (PPG)*** | **28.6** | **31.6** | **31.3** | **30.9** | **31.2** | **30.8** | **31.1** | **30.8** | **30.4** | **30.8** | **22.7** | **30.6** |
| Change in external debt | 4.4 | 3.2 | -1.1 | -0.7 | 0.1 | -0.3 | 0.3 | -0.7 | -0.8 | 0.0 | | |
| **Identified net debt-creating flows** | **1.8** | **4.2** | **0.3** | **1.4** | **-0.7** | **-0.8** | **-1.1** | **-0.9** | **-3.3** | **-1.5** | **-0.3** | **-1.3** |
| **Non-interest current account deficit** | **6.0** | **8.5** | **7.0** | **7.5** | **8.0** | **10.2** | **10.0** | **9.0** | **5.9** | **6.8** | **6.4** | **7.8** |
| Deficit in balance of goods and services | 2.3 | 4.0 | 3.4 | 4.4 | 5.1 | 6.8 | 4.7 | 2.4 | -0.5 | 1.0 | **1.3** | **2.5** |
| Exports | 14.3 | 16.5 | 12.2 | 13.7 | 14.4 | 14.7 | 16.1 | 17.2 | 16.7 | 13.6 | | |
| Imports | 16.5 | 20.5 | 15.7 | 18.1 | 19.5 | 21.5 | 20.8 | 19.6 | 16.2 | 14.5 | | |
| Net current transfers (negative = inflow) | -5.0 | -4.4 | -4.0 | -4.0 | -4.2 | -4.6 | -4.4 | -4.2 | -4.1 | 0.0 | **-5.2** | **-3.3** |
| *of which: official* | -0.4 | -0.5 | -0.5 | -0.5 | -0.6 | -0.5 | -0.4 | -0.4 | -0.3 | 0.0 | | |
| Other current account flows (negative = net inflow) | 8.7 | 8.9 | 7.5 | 7.2 | 7.1 | 8.0 | 9.6 | 10.8 | 10.6 | 5.9 | **10.4** | **8.6** |
| **Net FDI (negative = inflow)** | **-2.7** | **-2.3** | **-2.7** | **-5.0** | **-7.3** | **-9.2** | **-9.1** | **-7.9** | **-7.3** | **-6.5** | **-3.2** | **-7.3** |
| **Endogenous debt dynamics 2/** | **-1.6** | **-2.0** | **-4.0** | **-1.1** | **-1.4** | **-1.8** | **-1.9** | **-2.1** | **-1.9** | **-1.8** | | |
| Contribution from nominal interest rate | 0.7 | 0.9 | 0.9 | 1.1 | 0.9 | 0.9 | 0.8 | 0.7 | 0.6 | 0.4 | | |
| Contribution from real GDP growth | -1.0 | -1.4 | -1.9 | -2.2 | -2.3 | -2.6 | -2.8 | -2.8 | -2.5 | -2.2 | | |
| Contribution from price and exchange rate changes | -1.2 | -1.6 | -3.0 | ... | ... | ... | ... | ... | ... | ... | | |
| **Residual 3/** | **2.7** | **-1.0** | **-1.4** | **-2.1** | **0.8** | **0.5** | **1.3** | **0.2** | **2.6** | **1.5** | **0.8** | **1.0** |
| *of which: exceptional financing* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| **Sustainability indicators** | | | | | | | | | | | | |
| **PV of PPG external debt-to-GDP ratio** | **...** | **...** | **21.9** | **22.3** | **21.6** | **21.0** | **20.9** | **20.3** | **19.8** | **19.8** | | |
| **PV of PPG external debt-to-exports ratio** | **...** | **...** | **178.5** | **162.8** | **150.3** | **143.1** | **130.4** | **117.7** | **118.6** | **146.0** | | |
| **PPG debt service-to-exports ratio** | **24.4** | **24.0** | **14.7** | **17.1** | **14.3** | **14.2** | **13.1** | **13.6** | **12.4** | **10.2** | | |
| **PPG debt service-to-revenue ratio** | **28.1** | **29.7** | **13.4** | **17.4** | **14.4** | **14.0** | **12.7** | **13.2** | **11.5** | **8.1** | | |
| Gross external financing need (Million of U.S. dollars) | 3,109 | 4,827 | 4,855 | 4,230 | 3,391 | 3,545 | 3,839 | 4,303 | 2,349 | 3,534 | | |
| **Key macroeconomic assumptions** | | | | | | | | | | | | |
| Real GDP growth (in percent) | 3.0 | 3.5 | 4.7 | 5.5 | 6.0 | 6.6 | 7.1 | 7.0 | 6.5 | 6.1 | **3.8** | **6.4** |
| GDP deflator in US dollar terms (change in percent) | 3.5 | 4.1 | 7.4 | 3.0 | 4.1 | 2.0 | 2.0 | 1.9 | 1.9 | 1.7 | **10.6** | **2.5** |
| Effective interest rate (percent) 4/ | 2.0 | 2.5 | 2.3 | 2.7 | 2.3 | 2.2 | 2.1 | 1.7 | 1.5 | 1.1 | **2.0** | **2.1** |
| Growth of exports of G&S (US dollar terms, in percent) | -14.6 | 25.1 | -16.7 | 21.6 | 15.8 | 11.1 | 19.2 | 17.0 | 5.1 | 3.0 | **2.5** | **15.0** |
| Growth of imports of G&S (US dollar terms, in percent) | -9.1 | 34.1 | -14.3 | 25.5 | 18.6 | 20.2 | 5.6 | 2.7 | -10.5 | 3.6 | **4.1** | **10.3** |
| Grant element of new public sector borrowing (in percent) | ... | ... | ... | 29.1 | 36.7 | 37.2 | 37.5 | 38.4 | 39.8 | 38.0 | **...** | **36.5** |
| Government revenues (excluding grants, in percent of GDP) | 12.4 | 13.4 | 13.4 | 13.5 | 14.3 | 14.9 | 16.6 | 17.7 | 18.1 | 17.0 | **13.3** | **15.9** |
| Aid flows (in Million of US dollars) 5/ | -1,580 | -2,044 | -1,685 | 1,463 | 1,737 | 1,485 | 1,484 | 1,493 | 1,625 | 2,184 | | |
| Grant-equivalent financing (in percent of GDP) 6/ | ... | ... | ... | 2.7 | 3.0 | 2.6 | 2.6 | 2.3 | 2.2 | 2.1 | **...** | **2.6** |
| Grant-equivalent financing (in percent of external financing) 6/ | ... | ... | ... | 41.9 | 53.8 | 54.0 | 49.3 | 48.7 | 50.6 | 49.3 | **...** | **49.7** |
| Nominal GDP (Million of US dollars) | 37,593 | 40,530 | 45,557 | 49,472 | 54,555 | 59,359 | 64,790 | 70,628 | 76,620 | 112,638 | | |
| Nominal dollar GDP growth | 6.5 | 7.8 | 12.4 | 8.6 | 10.3 | 8.8 | 9.2 | 9.0 | 8.5 | 7.9 | **14.8** | **9.1** |
| **Memorandum items:** | | | | | | | | | | | | |
| PV of external debt 7/ | ... | ... | 34.2 | 34.4 | 33.5 | 32.9 | 32.7 | 31.8 | 30.8 | 28.9 | | |
| In percent of exports | ... | ... | 279.2 | 250.5 | 232.4 | 223.8 | 203.8 | 184.3 | 184.6 | 213.0 | | |
| Total external debt service-to-exports ratio | 34.7 | 34.2 | 50.3 | 43.1 | 38.4 | 34.1 | 31.3 | 28.5 | 26.7 | 20.9 | | |
| PV of PPG external debt (in Million of US dollars) | | | 9,959 | 11,041 | 11,809 | 12,494 | 13,571 | 14,334 | 15,168 | 22,292 | | |
| (PVt-PVt-1)/GDPt-1 (in percent) | | | | 2.4 | 1.6 | 1.3 | 1.8 | 1.2 | 1.2 | 1.9 | | |
| Non-interest current account deficit that stabilizes debt ratio | 1.5 | 5.3 | 8.1 | 8.2 | 7.9 | 10.5 | 9.7 | 9.7 | 6.7 | 6.9 | | |

| | |
|---|---|
| **Definition of external/domestic debt** | **Residency-based** |
| **Is there a material difference between the two criteria?** | **Yes** |




Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

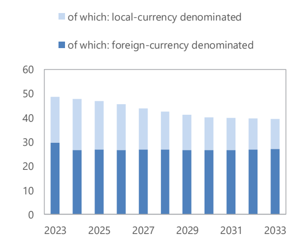
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

## Table 2. Uganda: Public Sector Debt Sustainability Framework, Baseline Scenario, FY2019/10-2032/33
(In percent of GDP, unless otherwise indicated)

| | Actual | | | Projections | | | | | | | Average 6/ | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2032/33 | Historical | Projections |
| **Public sector debt 1/** | 41.9 | 49.0 | 50.6 | 48.6 | 47.8 | 46.8 | 45.6 | 43.9 | 42.5 | 39.4 | 33.6 | 42.0 |
| **of which: external debt** | 28.6 | 31.6 | 31.3 | 30.9 | 31.2 | 30.8 | 31.1 | 30.8 | 30.4 | 30.8 | 22.7 | 30.9 |
| Change in public sector debt | 6.3 | 7.1 | 1.6 | -2.0 | -0.8 | -0.9 | -1.2 | -1.8 | -1.4 | -0.2 | | |
| **Identified debt-creating flows** | 5.1 | 4.8 | 3.5 | -1.6 | -0.7 | -0.6 | -0.7 | -1.1 | -0.7 | 0.1 | 1.8 | -0.4 |
| **Primary deficit** | 5.0 | 6.7 | 4.3 | 1.9 | 0.5 | 0.6 | 0.5 | -0.1 | -0.5 | 1.2 | 3.4 | 0.9 |
| Revenue and grants | 13.2 | 14.3 | 14.1 | 14.7 | 15.8 | 16.2 | 17.6 | 18.5 | 18.9 | 17.8 | 14.4 | 17.6 |
| *of which: grants* | 0.8 | 0.9 | 0.7 | 1.2 | 1.5 | 1.3 | 1.0 | 0.8 | 0.8 | 0.8 | | |
| Primary (noninterest) expenditure | 18.2 | 21.0 | 18.4 | 16.5 | 16.3 | 16.7 | 18.1 | 18.4 | 18.4 | 19.0 | 17.8 | 18.5 |
| **Automatic debt dynamics** | 0.0 | -1.8 | -0.8 | -3.0 | -1.2 | -1.1 | -1.1 | -1.0 | -0.1 | -1.1 | | |
| Contribution from interest rate/growth differential | 0.1 | -0.6 | -2.8 | -2.1 | -1.4 | -1.2 | -1.1 | -1.0 | -0.1 | -1.1 | | |
| *of which: contribution from average real interest rate* | 1.2 | 0.8 | -0.6 | 0.5 | 1.3 | 1.8 | 1.9 | 2.0 | 2.5 | 1.1 | | |
| *of which: contribution from real GDP growth* | -1.0 | -1.4 | -2.2 | -2.6 | -2.7 | -3.0 | -3.1 | -3.0 | -2.7 | -2.3 | | |
| Contribution from real exchange rate depreciation | -0.1 | -1.2 | 1.9 | ... | ... | ... | ... | ... | ... | ... | | |
| **Other identified debt-creating flows** | 0.1 | 0.0 | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Privatization receipts (negative) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Recognition of contingent liabilities (e.g., bank recapitalization) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Debt relief (HIPC and other) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Other debt creating or reducing flow (please specify) | 0.0 | 0.0 | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| **Residual** | 1.2 | 2.3 | -1.9 | -0.4 | -0.1 | -0.4 | -0.5 | -0.7 | -0.7 | -0.3 | 0.8 | -0.4 |
| **Sustainability indicators** | | | | | | | | | | | | |
| **PV of public debt-to-GDP ratio 2/** | ... | ... | 42.3 | 40.0 | 38.6 | 37.4 | 35.7 | 33.7 | 32.2 | 28.7 | | |
| **PV of public debt-to-revenue and grants ratio** | ... | ... | 299.3 | 272.5 | 244.0 | 231.4 | 203.3 | 182.3 | 170.1 | 161.4 | | |
| **Debt service-to-revenue and grants ratio 3/** | 48.9 | 42.4 | 42.3 | 63.0 | 48.4 | 42.4 | 33.5 | 33.1 | 31.5 | 21.2 | | |
| Gross financing need 4/ | 9.7 | 10.9 | 10.5 | 10.6 | 8.1 | 7.4 | 6.4 | 6.1 | 5.4 | 5.0 | | |
| **Key macroeconomic and fiscal assumptions** | | | | | | | | | | | | |
| Real GDP growth (in percent) | 3.0 | 3.5 | 4.7 | 5.5 | 6.0 | 6.6 | 7.1 | 7.0 | 6.5 | 6.1 | 3.8 | 6.3 |
| Average nominal interest rate on external debt (in percent) | 1.7 | 2.1 | 1.7 | 3.0 | 2.6 | 2.4 | 2.4 | 2.3 | 2.2 | 1.6 | 1.7 | 2.0 |
| Average real interest rate on domestic debt (in percent) | 9.6 | 7.7 | 2.8 | 5.8 | 8.2 | 8.8 | 9.8 | 10.7 | 15.5 | 9.9 | 1.0 | 9.8 |
| Real exchange rate depreciation (in percent, + indicates depreciation) | -0.6 | -4.3 | 6.6 | ... | ... | ... | ... | ... | ... | ... | -4.4 | ... |
| Inflation rate (GDP deflator, in percent) | 3.1 | 2.5 | 4.8 | 8.2 | 5.3 | 5.0 | 5.0 | 5.0 | 5.0 | 4.8 | 14.8 | 5.1 |
| Growth of real primary spending (deflated by GDP deflator, in percent) | 13.6 | 19.3 | -8.1 | -5.5 | 4.6 | 9.4 | 15.7 | 9.0 | 6.3 | 6.3 | 2.3 | 6.8 |
| Primary deficit that stabilizes the debt-to-GDP ratio 5/ | -1.2 | -0.4 | 2.7 | 3.8 | 1.3 | 1.5 | 1.7 | 1.7 | 0.8 | 1.4 | 0.4 | 1.6 |
| PV of contingent liabilities (not included in public sector debt) | 0.2 | 0.5 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |

| | |
|---|---|
| **Definition of external/domestic debt** | **Residency-based** |
| **Is there a material difference between the two criteria?** | **Yes** |

Public sector debt 1/




Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central, state, and local governments plus social security, central bank, government-guaranteed debt. Definition of external debt is Residency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

## Table 3. Uganda: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, FY2022/23-2032/33
## (In percent)

| | Projections | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
| **PV of debt-to GDP ratio** | | | | | | | | | | | |
| **Baseline** | **22.3** | **21.6** | **21.0** | **20.9** | **20.3** | **19.8** | **19.5** | **19.2** | **19.3** | **19.5** | **19.8** |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 22.3 | 22.6 | 22.4 | 22.9 | 22.7 | 24.2 | 25.5 | 26.2 | 26.6 | 27.1 | 27.7 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 22.3 | 23.4 | 25.0 | 24.9 | 24.1 | 23.5 | 23.2 | 22.8 | 22.9 | 23.1 | 23.5 |
| B2. Primary balance | 22.3 | 23.6 | 25.2 | 25.3 | 24.6 | 24.1 | 23.7 | 23.5 | 23.6 | 23.8 | 24.1 |
| B3. Exports | 22.3 | 24.1 | 27.5 | 27.1 | 26.2 | 25.5 | 25.0 | 24.5 | 24.3 | 24.0 | 24.0 |
| B4. Other flows 2/ | 22.3 | 26.4 | 31.6 | 31.0 | 29.9 | 29.0 | 28.3 | 27.8 | 27.3 | 26.7 | 26.4 |
| B6. One-time 30 percent nominal depreciation | 22.3 | 26.9 | 23.2 | 23.2 | 22.5 | 22.0 | 21.8 | 21.6 | 21.7 | 22.1 | 22.8 |
| B6. Combination of B1-B5 | 22.3 | 30.2 | 36.2 | 35.6 | 34.3 | 33.3 | 32.6 | 31.9 | 31.3 | 30.8 | 30.4 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 22.3 | 28.5 | 28.6 | 28.5 | 27.8 | 27.2 | 26.8 | 26.7 | 26.9 | 27.2 | 27.7 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | **40** | **40** | **40** | **40** | **40** | **40** | **40** | **40** | **40** | **40** | **40** |
| **PV of debt-to-exports ratio** | | | | | | | | | | | |
| **Baseline** | **162.8** | **150.3** | **143.1** | **130.4** | **117.7** | **118.6** | **120.8** | **123.7** | **129.4** | **137.1** | **146.0** |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 162.8 | 156.7 | 152.5 | 142.7 | 131.5 | 145.1 | 157.8 | 168.1 | 178.6 | **190.7** | 204.2 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 150.3 | 143.1 | 130.4 | 117.7 | 118.6 | 120.8 | 123.7 | 129.4 | 137.1 | 146.0 | 154.6 |
| B2. Primary balance | 164.0 | 171.1 | 157.2 | 142.7 | 144.1 | 147.1 | 151.1 | 158.5 | 167.6 | 177.8 | 187.1 |
| B3. Exports | **214.2** | **293.7** | **265.1** | **238.6** | **239.4** | **242.8** | **247.2** | **255.9** | **265.9** | **277.9** | 289.0 |
| B4. Other flows 2/ | **183.0** | **214.8** | **192.9** | 173.4 | 173.7 | 175.6 | 178.4 | **183.3** | **188.5** | **194.8** | 200.5 |
| B6. One-time 30 percent nominal depreciation | 149.1 | 125.9 | 115.4 | 104.4 | 105.3 | 107.7 | 110.6 | 116.3 | 124.5 | 134.1 | 143.4 |
| B6. Combination of B1-B5 | **229.3** | **208.8** | **261.8** | **235.3** | **235.8** | **238.5** | **242.4** | **248.8** | **256.3** | **265.4** | 273.7 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | **198.1** | **194.7** | 177.5 | 161.1 | 162.9 | 166.3 | 171.7 | **180.9** | **192.0** | **204.1** | 214.3 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | **180** | **180** | **180** | **180** | **180** | **180** | **180** | **180** | **180** | **180** | **180** |
| **Debt service-to-exports ratio** | | | | | | | | | | | |
| **Baseline** | **17.1** | **14.3** | **14.2** | **13.1** | **13.6** | **12.4** | **11.8** | **12.5** | **11.2** | **10.8** | **10.2** |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | **17.1** | 13.8 | 13.2 | 11.9 | 11.8 | 10.6 | 10.0 | 10.4 | 9.7 | 9.7 | 9.6 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | **17.1** | 14.3 | 14.2 | 13.1 | 13.6 | 12.4 | 11.8 | 12.5 | 11.2 | 10.8 | 10.2 |
| B2. Primary balance | **17.1** | 14.3 | 14.5 | 13.8 | 14.2 | 13.1 | 12.5 | 13.2 | 12.5 | 12.8 | 12.3 |
| B3. Exports | **17.1** | **18.5** | **23.3** | **22.6** | **23.1** | **21.3** | **20.2** | **21.3** | **20.2** | **21.4** | 20.3 |
| B4. Other flows 2/ | **17.1** | 14.3 | **15.0** | 14.9 | **15.1** | 13.9 | 13.3 | 13.9 | 14.0 | **15.4** | 14.6 |
| B6. One-time 30 percent nominal depreciation | **17.1** | 14.3 | 14.1 | 12.7 | 13.2 | 12.1 | 11.5 | 12.1 | 10.8 | 9.7 | 9.1 |
| B6. Combination of B1-B5 | **17.1** | **17.3** | **21.2** | **20.5** | **20.9** | **19.3** | **18.3** | **19.2** | **19.7** | **20.9** | 19.8 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | **17.1** | 14.3 | **15.4** | 14.4 | 14.7 | 13.6 | 13.0 | 13.7 | 12.4 | 12.1 | 11.5 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | **15** | **15** | **15** | **15** | **15** | **15** | **15** | **15** | **15** | **15** | **15** |
| **Debt service-to-revenue ratio** | | | | | | | | | | | |
| **Baseline** | **17.4** | **14.4** | **14.0** | **12.7** | **13.2** | **11.5** | **10.6** | **10.9** | **9.6** | **9.0** | **8.1** |
| **A. Alternative Scenarios** | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 17.4 | 13.8 | 13.1 | 11.5 | 11.5 | 9.7 | 9.0 | 9.1 | 8.3 | 8.0 | 7.6 |
| **B. Bound Tests** | | | | | | | | | | | |
| B1. Real GDP growth | 17.4 | 15.6 | 16.6 | 15.1 | 15.6 | 13.6 | 12.6 | 13.0 | 11.4 | 10.6 | 9.6 |
| B2. Primary balance | 17.4 | 14.4 | 14.4 | 13.4 | 13.8 | 12.1 | 11.2 | 11.6 | 10.7 | 10.6 | 9.8 |
| B3. Exports | 17.4 | 14.6 | 14.7 | 13.9 | 14.3 | 12.5 | 11.6 | 11.9 | 11.0 | 11.3 | 10.3 |
| B4. Other flows 2/ | 17.4 | 14.4 | 14.9 | 14.4 | 14.7 | 12.8 | 11.9 | 12.2 | 11.9 | 12.8 | 11.6 |
| B6. One-time 30 percent nominal depreciation | 17.4 | **18.0** | 17.5 | 15.4 | 16.1 | 13.9 | 12.9 | 13.3 | 11.6 | 10.1 | 9.1 |
| B6. Combination of B1-B5 | 17.4 | 15.9 | 17.8 | 16.8 | 17.2 | 15.0 | 13.9 | 14.3 | 14.3 | 14.7 | 13.4 |
| **C. Tailored Tests** | | | | | | | | | | | |
| C1. Combined contingent liabilities | 17.4 | 14.4 | 15.3 | 13.9 | 14.3 | 12.5 | 11.6 | 12.0 | 10.6 | 10.1 | 9.2 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Threshold** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **18** | **18** |

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

2/ Includes official and private transfers and FDI.

## Table 4. Uganda: Sensitivity Analysis for Key Indicators of Public Debt, FY2022/23-2032/33

| | Projections | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2031/32 | 2032/33 |
| | | | | | | **PV of Debt-to-GDP Ratio** | | | | | | | |
| **Baseline** | **40.0** | **38.6** | **37.4** | **35.7** | **33.7** | **32.2** | **30.8** | **29.7** | **29.3** | **29.0** | **28.7** | **29.0** | **28.7** |
| **A. Alternative Scenarios** | | | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 40 | 38 | 37 | 35 | 34 | 33 | 31 | 30 | 29 | 29 | 28 | 29 | 28 |
| **B. Bound Tests** | | | | | | | | | | | | | |
| B1. Real GDP growth | 40 | 43 | 47 | 47 | 47 | 47 | 47 | 48 | 50 | 51 | 53 | 51 | 53 |
| B2. Primary balance | 40 | 42 | 44 | 42 | 39 | 37 | 35 | 34 | 33 | 33 | 32 | 33 | 32 |
| B3. Exports | 40 | 41 | 43 | 41 | 39 | 37 | 36 | 35 | 34 | 33 | 33 | 33 | 33 |
| B4. Other flows 2/ | 40 | 43 | 48 | 46 | 43 | 42 | 40 | 38 | 37 | 36 | 35 | 36 | 35 |
| B6. One-time 30 percent nominal depreciation | 40 | 42 | 39 | 35 | 32 | 29 | 26 | 24 | 22 | 21 | 20 | 21 | 20 |
| B6. Combination of B1-B5 | 40 | 42 | 42 | 37 | 35 | 33 | 31 | 30 | 30 | 29 | 29 | 29 | 29 |
| **C. Tailored Tests** | | | | | | | | | | | | | |
| C1. Combined contingent liabilities | 40 | 51 | 49 | 47 | 44 | 42 | 40 | 38 | 38 | 37 | 36 | 37 | 36 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Public debt benchmark** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** | **55** |
| | | | | | | **PV of Debt-to-Revenue Ratio** | | | | | | | |
| **Baseline** | **272.5** | **244.0** | **231.4** | **203.3** | **182.3** | **170.1** | **163.8** | **160.4** | **161.2** | **161.9** | **161.4** | **161.9** | **161.4** |
| **A. Alternative Scenarios** | | | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 272 | 243 | 229 | 202 | 184 | 174 | 169 | 165 | 164 | 163 | 160 | 163 | 160 |
| **B. Bound Tests** | | | | | | | | | | | | | |
| B1. Real GDP growth | 272 | 268 | 287 | 265 | 250 | 245 | 250 | 258 | 271 | 284 | 294 | 284 | 294 |
| B2. Primary balance | 272 | 267 | 273 | 238 | 212 | 196 | 189 | 184 | 184 | 183 | 180 | 183 | 180 |
| B3. Exports | 272 | 258 | 269 | 236 | 212 | 198 | 191 | 187 | 187 | 185 | 183 | 185 | 183 |
| B4. Other flows 2/ | 272 | 274 | 298 | 261 | 235 | 219 | 212 | 207 | 206 | 203 | 199 | 203 | 199 |
| B6. One-time 30 percent nominal depreciation | 272 | 268 | 242 | 203 | 172 | 151 | 138 | 128 | 122 | 116 | 111 | 116 | 111 |
| B6. Combination of B1-B5 | 272 | 266 | 258 | 209 | 186 | 173 | 166 | 163 | 164 | 164 | 163 | 164 | 163 |
| **C. Tailored Tests** | | | | | | | | | | | | | |
| C1. Combined contingent liabilities | 272 | 324 | 304 | 266 | 238 | 221 | 213 | 208 | 207 | 206 | 203 | 206 | 203 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. n.a. | n.a. | |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. n.a. | n.a. | |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. n.a. | n.a. | |
| | | | | | | **Debt Service-to-Revenue Ratio** | | | | | | | |
| **Baseline** | **63.0** | **48.4** | **42.4** | **33.5** | **33.1** | **31.5** | **24.8** | **27.1** | **24.4** | **22.8** | **21.2** | **22.8** | **21.2** |
| **A. Alternative Scenarios** | | | | | | | | | | | | | |
| A1. Key variables at their historical averages in 2022-2032 1/ | 63 | 46 | 39 | 30 | 29 | 28 | 20 | 20 | 18 | 16 | 15 | 16 | 15 |
| **B. Bound Tests** | | | | | | | | | | | | | |
| B1. Real GDP growth | 63 | 52 | 51 | 42 | 43 | 42 | 35 | 39 | 38 | 38 | 37 | 38 | 37 |
| B2. Primary balance | 63 | 48 | 47 | 40 | 36 | 34 | 27 | 30 | 29 | 28 | 26 | 28 | 26 |
| B3. Exports | 63 | 48 | 43 | 34 | 34 | 32 | 26 | 28 | 26 | 25 | 23 | 25 | 23 |
| B4. Other flows 2/ | 63 | 48 | 43 | 35 | 35 | 33 | 26 | 28 | 27 | 26 | 25 | 26 | 25 |
| B6. One-time 30 percent nominal depreciation | 63 | 47 | 44 | 35 | 35 | 33 | 26 | 28 | 25 | 23 | 21 | 23 | 21 |
| B6. Combination of B1-B5 | 63 | 48 | 44 | 35 | 35 | 33 | 26 | 29 | 26 | 25 | 23 | 25 | 23 |
| **C. Tailored Tests** | | | | | | | | | | | | | |
| C1. Combined contingent liabilities | 63 | 48 | 59 | 40 | 38 | 36 | 29 | 34 | 31 | 30 | 27 | 30 | 27 |
| C2. Natural disaster | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C3. Commodity price | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| C4. Market Financing | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

2/ Includes official and private transfers and FDI.